Government of
Saskatchewan

Annual Report

1988

Saskatchewan
Milk
Control
Board

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Saskatchewan Milk Control Board

FIFTY-FOURTH ANNUAL REPORT

FOR THE TWELVE MONTHS

ENDED DECEMBER 31, 1988

90-00666/

SASKATCHEWAN MILK CONTROL BOARD

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SASKATCHEWAN MILK CONTROL BOARD

Honourable Grant Devine
President of the Executive Council
Province of Saskatchewan

Sir:

I have the honour to submit herewith the Fifty-Fourth Annual Report of the Saskatchewan Milk Control Board, together with the financial statements for the year ending December 31, 1988, pursuant to the Provisions of Section 38 of The Milk Control Act.

Respectfully submitted,

THE MILK CONTROL BOARD

S. H. Barber

Stan H. Barber
Chairman

ORGANIZATION AND OBJECTIVES

The Milk Control Board is a body corporate established pursuant to the Milk Control Act. The Board plays a key role in the development and implementation of Saskatchewan's dairy policy and by so doing promotes the development and maintenance of a healthy and viable dairy industry.

The affairs of the Board are managed by a five-member Board appointed by the Lieutenant-Governor-in-Council. The members of the Board are: Mr. Stanley H. Barber, Mrs. Henrietta Goplen, Dr. Eiler Humbert, Mr. Ron Steinley and Mr. Hans Seitz. Mr. Barber occupies the position of Chairman of the Board.

The Act empowers the Board to make regulations or orders, inquire into any matter relating to the production, supply and distribution of milk and conduct hearings in connection with price, regulation changes, the use of quotas, the granting of licenses with restrictions, appeals and penalties.

The Act allows the Board to set the price of milk at all levels of the industry (producer, processor and consumer). To attain this, the Board regulates the price which processors must pay for milk from fluid milk producers. The cost of production formula currently being used to establish producer prices continue to utilize actual on-farm costs and returns. The Board monitors the cost of production study on a quarterly basis for producer price adjustments. The Board also establishes the price at which the processors must sell fluid milk to wholesale and institutional accounts, and to retail consumers in the twelve milk control areas. The processor price margins on fluid milk are based on actual

statements of operations and forecasts of anticipated returns for each plant. The Board provides price increases to the processing industry when reduction in revenues and increases in costs occur. When prescribing price adjustments for the processing industry, the Board is not bound by any rule of law to assure that a certain rate of return is provided on any plant, equipment or investment.

Milk prices are adjusted to allow efficient producers and processors an opportunity of obtaining a fair return for their labor and investment while providing consumers a continuous supply of high quality dairy products at reasonable prices.

The Saskatchewan Milk Control Board is one of the signatories to the Comprehensive Milk Marketing Plan (the National Plan governing the production of industrial milk in Canada).

The Board also carries out administrative, organizational and investigational duties as may be necessary to ensure that its objectives are achieved.

INTRODUCTION

The fifty-fourth year of the Board's operations indicate continued stability for the dairy industry despite a very severe drought in western Canada. Saskatchewan's milk and cream production remained stable during 1988 as did the prices of dairy products to consumers.

The effects of the 1988 drought on milk producers were location specific. Growing and harvesting conditions for feedgrains and forage varied from excellent in Quebec and eastern Ontario to very poor in southwestern Ontario, Saskatchewan and

parts of Manitoba and Alberta. In western Canada the drought was centered in south-western Saskatchewan. The drought resulted in reduced volumes of coarse grain and forage production. The Canadian Wheat Board increased the initial price of feed grains by approximately 84 percent. Comparable price increases were also recorded in off-board domestic feed grain market in Saskatchewan. These increases in feed costs resulted in a Class I price adjustment to producers on January 1, 1989.

In the latter part of 1988 the processing sector also filed an application with the Board requesting an increase to the processing margin. Based on the evidence submitted, the Board approved an increase in the processors' margin effective January 1, 1989.

At the national level, all provinces have been involved in activities which have demanded much attention. A new methodology for setting target returns for industrial milk and support prices for butter and skim milk powder was announced in January, 1988. The new method is designed to reflect more accurately the changes in costs to producers. In the future, price changes should occur on August 1 and February 1, if the results indicate a net change of 2 percent or more.

In January, 1988 the Canadian Milk Supply Management Committee (C.M.S.M.C.) agreed to increase the market share quota by 1.5 percent. This additional M.S.Q. was divided among provinces with the understanding that 50 percent of the increase, or 0.75 percent would be recalled and allocated on the basis of the Study Team's recommendations. The Study Team is composed of representatives from all provinces whose mandate is to review and make recommendations regarding provincial market share quota allocations. The Study Team has been unable to achieve unanimous agreement on the allocation of market share quota.

The Canada/U.S. trade agreement suggests that the dairy industries in both countries have maintained their respective positions regarding pricing and import and export controls.

In the area of international trade, the dairy industry is attempting to preserve the supply management features achieved by Canada under the General Agreement on Tariffs and Trade (GATT).

Prices of dairy products on the international market have continued to increase since mid-1987. These higher prices occurred because of the reduction in inventories in the European Economic Community (E.E.C.) and the United States. The higher world prices for dairy products have greatly improved the Canadian dairy stocks of butter and powder during 1988. The producer in-quota levies used to finance sales of surplus skim milk powder at a loss in the export market have been reduced for the 1988-89 dairy year.

Saskatchewan dairy producers and processors should continue to assess their input costs. The more efficiently milk is produced and processed, the better the industry's chances of future viability. By continuing to provide top quality products at reasonable values, Saskatchewan's dairy industry should be in a good position to overcome short-term adversities for a brighter future.

MILK PRODUCTION AND UTILIZATION

During 1988, milk producers marketed a total of 226,918,796 kilograms of milk, with a total value of $104,151,844. This represents a 4.1 and 3.8 percent increase respectively over 1987. The average number of milk producers in the province at year-end were 687, which represents a decrease of 17 producers or 2.4 percent. The average daily shipment per producer increased by 6.36 percent (Table III).

Class I milk, or milk utilized for fluid milk consumption accounted for 100,728,911 kilograms, a decrease of 959,983 kilograms or 1.04 percent decrease compared to 1987.

During 1988, the sale of home delivery, wholesale and country milk remained relatively constant with that recorded in 1987 (Table V).

In the 1987-88 dairy year, Saskatchewan's milk and cream producers shipped 4,577,273 kilograms of butterfat which amounted to 103.9 percent of the province's share of Canadian domestic requirements (Table VI).

Cream producers shipped 454,421 kilograms of market share quota, or approximately 10 percent of the total market share quota issued to the province for the 1988-89 dairy year. During the past five dairy years, cream producers' market share quota allocation has declined from 815,733 kilograms of butterfat to 440,714, a decline of approximately 46 percent (Table XI).

After meeting the Board's commitments regarding the payment of levies to the Canadian Dairy Commission, the Board was able to refund approximately $1.2 million. Individual milk and cream producers, therefore, received refunds on their overquota production up to and including 3.0 percent of their individual quotas. Any overquota penalties collected on shipments in excess of 103 percent were not refunded, but forwarded to the Canadian Dairy Commission.

In August, 1988, the Board allocated all of the province's market share quota to existing milk and cream producers according to the milk and cream quota policies.

PRODUCER POOLS

There were 680 licensed milk producers in Saskatchewan in December, 1988, compared to 698 a year earlier, continuing the trend toward fewer, but larger milk producers. All Saskatchewan milk producers participate equitably in the Group I pooling program. As a Group I pool member, each producer receives annually a daily quota, which is based on production during the six month quota building period (September 1 to February 28).

During 1988, the milk pool purchased approximately $8.7 million of milk each month, for a total of $104.1 million for the year. Table VIII outlines the average monthly prices paid to producers for Group I pool milk shipments based on milk testing at 3.5 percent butterfat. The 1988 Group I pool milk included 88.9 percent of total shipments, this being very comparable with 1987 when 88.3 percent of total milk shipments were sold in the Group I pool.

The distribution of dairy units and quota allocation is depicted in Table I.

In carrying out the Board's authority for fluid milk pricing, the Board utilizes a cost of production study to set producer Class I milk price. In order to assure the producer cost of production formula is correct and that costs being entered into the formula are correct, a committee composed of two producers, one member of the Department of Agriculture and the Chairman of the Milk Control Board monitor the study on a quarterly basis. According to the pricing formula, no price adjustment was warranted during 1988. The last price increase in Class I milk occurred on November 16, 1985.

TABLE I

FARM TYPE AND QUOTA - 1987 AND 1988 (AUGUST 1)

	1987		1988	
	Number	Daily Qta. Ave (kgms)	Number	Daily Qta. Ave (kgms)
Single Proprietor	428	706	416	739
Limited Company	59	1,268	58	1,288
Colony	40	1,092	43	1,218
Partnership	175	962	170	984
Total	702	839	687	876

At the federal level, a new methodology for setting target returns for industrial milk and support prices for butter and skim-milk powder was announced. Based on the surveyed costs of efficient producers, the target returns for industrial milk increased $0.56 per hundred kilograms effective February 1, 1988. This was achieved by increasing the support prices for butter by 6.7 cents to $5.012 per kilogram and for skim milk powder by 3.5 cents to $3.013 per kilogram.

TRANSPORTATION

During the past year, Saskatchewan's raw milk transporters have continued to improve their productivity by gradually shifting to larger truck sizes, through increased shipments per producer and by shifting producer routes to minimize haulage distances. The average basic transportation rates remained constant during 1988 (Table XII).

In the year under review, the average rate per hundred kilograms remained constant at $1.85. The producer cost to transport the 227 million kilograms of milk marketed amounted to $4.186 million. Under the regulations of the pool, producers were charged haulage to the nearest fluid milk processing plant. The transportation cost comparison is depicted in Table II.

The Board acknowledges and appreciates the commitment of bulk milk transporters and drivers during the past year.

TABLE II

TRANSPORTATION VOLUMES AND RATES - 1983 TO 1988

YEAR	VOLUME TRANSPORTED (KGMS)	AVERAGE RATE PER 100 KGMS
1988	226,918,796	$ 1.85
1987	218,010,030	1.85
1986	214,162,415	1.84
1985	203,294,363	1.81
1984	211,189,554	1.78
1983	197,011,016	1.71

NATIONAL DAIRY POLICY

The 1987-88 dairy year was an active year for the dairy industry.

Domestic consumption of industrial products increased from August to December, 1987 and caused the Canadian Milk Supply Management Committee to increase the market share quota by 1.5 percent in January, 1988. This additional market share quota was allocated to each province on a temporary basis according to their existing percentage of

quota. However, it was agreed that half of the increase was to be a permanent allocation, while the other 0.75 percent is to be recalled and allocated based on the Study Team's recommendations.

During the 1987-88 dairy year the Study Team appointed by the C.M.S.M.C. met with the provincial representatives of the dairy industry and provincial governments to take note of their suggestions and recommendations for revision of the National Marketing Plan. The Study Team also addressed the concerns of representatives from British Columbia, who announced their intention to withdraw from the National Plan. To date, British Columbia participants have not accepted the recommendations and have indicated a need for a larger share of the National Market Share Quota. The allocation of this quota and British Columbia's decision to either remain part of the Plan or to withdraw after July, 1989 could have significant national and regional impacts on the Canadian Dairy Industry.

MILK CONTROL BOARD ACTIVITIES

During 1988, the Board held six official meetings. Many additional days of Board members' time were taken up in a number of Advisory or Quota Committee meetings as well as meetings with the local dairy organizations.

The Board Chairman, together with members of the Quota Advisory Committee attended six meetings of the Canadian Milk Supply Management Committee. The Chairman continued to serve on the Secretariat to the Canadian Milk Supply Management Committee, and also represented Saskatchewan as a member on the Study Team. The Study Team was created in September, 1987, with the mandate to visit each province and gain an understanding of the problems

that exist because of perceived weaknesses in the Plan, and to assess how the Plan might be improved.

The Board gratefully acknowledges the contributions of Team members, and is appreciative of the advice, support and cooperation extended to it by all sectors of the dairy industry.

During 1988, employees of the Board conducted many audits at every processing plant in Saskatchewan. During each of the plant visits, an audit of milk and cream sales, utilization and pricing of products was conducted to assure the plants conformed to the Board Orders.

The Board continues to emphasize the principle of fairness in the public interest - that is, ensuring that milk prices reflect legitimate costs plus a fair rate of return. By achieving this, the consumers of Saskatchewan will be assured of a steady supply of good quality milk at a reasonable price.

The future of the dairy industry lies in the capacity of the industry to be innovative and to answer the changing needs of its consumers. The development of new products with specific functional and nutritional properties are alternatives industry should consider for existing and new markets. Any new uses can lead to higher value added to milk and milk products.

LEGISLATION

The pricing of milk for fluid purposes is a Board responsibility. The following is an outline of the Board's decisions for 1988.

In Board Order 574, filed and effective February 15, 1988, the price structure was revised in the production sector. The adjusted prices for Class II and Class III milk are listed below:

Class II milk ---------- $40.84 per 100 kilograms

Class III milk --------- $39.09 per 100 kilograms

Butterfat differential $.45 for each one-tenth percent by which the butterfat deviates from the 3.5 percent norm.

THE MILK CONTROL BOARD

FINANCIAL STATEMENTS

Year Ended December 31, 1988

OFFICE OF THE PROVINCIAL AUDITOR

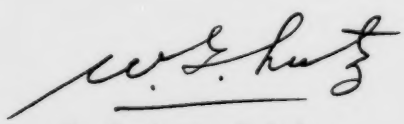
REGINA, SASKATCHEWAN

AUDITOR'S REPORT

To the Members of the Legislative Assembly
Province of Saskatchewan

I have examined the balance sheet of The Milk Control Board as at December 31, 1988 and the statements of revenue, expenditure and operating surplus and changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of The Milk Control Board as at December 31, 1988 and the results of its operations and the changes in its financial position for the year then ended in accordance with the accounting principles disclosed in Note 1 to the financial statements applied on a basis consistent with that of the preceding year.



Regina, Saskatchewan,
February 15, 1989

W. G. Lutz, F.C.A.,
Provincial Auditor.

Statement 1

THE MILK CONTROL BOARD

BALANCE SHEET

As at December 31

	1988	1987
ASSETS		
Current:		
Cash	$ 445,176	$ 490,763
Accounts receivable		
- trade	5,616,330	5,751,514
- other	4,326	2,772
	6,065,832	6,245,049
Fixed:		
Office furniture & equipment (Note 1(b) and 3)	5,713	6,937
	$6,071,545	$6,251,986
LIABILITIES AND SURPLUS		
Current:		
Accounts payable		
- trade	$5,830,179	$5,779,666
- producer refunds	--	174,995
- Department of Agriculture	--	23,520
- vacation accrual	17,024	19,597
Deferred government assistance	5,500	5,500
	5,852,703	6,003,278
Equity:		
Operating surplus (statement 2)	218,842	248,708
	$6,071,545	$6,251,986

(See accompanying notes to the financial statements)

Statement 2

THE MILK CONTROL BOARD

STATEMENT OF REVENUE, EXPENDITURE AND OPERATING SURPLUS

Year Ended December 31

	1988	1987
Revenue:		
Milk sold to Processors	$104,151,844	$100,359,605
Assessment fees	254,776	245,822
Milk Pool administration fees	250,065	240,247
Interest	88,902	77,961
Milk quality penalties	14,540	29,404
Cost of Production Study grants	22,000	24,000
Licence fees and miscellaneous	537	912
	104,782,664	100,977,951
Expenditure:		
Milk purchased from Producers	104,151,844	100,359,605
Salaries	207,336	191,913
Milk Pool administration expense	183,489	118,813
Cost of Production Study	95,801	72,311
Travel, sustenance and vehicle expense	73,849	43,632
Rent	31,605	23,863
Administrative expense	21,598	20,419
Disposal of unsaleable milk	17,639	28,053
Employee benefits	13,305	12,274
Honorarium - Milk Control Board	7,100	8,500
- Advisory Board	5,000	5,600
Depreciation	3,587	3,104
Overquota levy expenses	377	373
	104,812,530	100,888,460
(Deficiency) excess of revenue over expenditure	(29,866)	89,491
Operating surplus, beginning of year	248,708	159,217
Operating surplus, end of year (Statement 1)	$ 218,842	$ 248,708

(See accompanying notes to the financial statements)

Statement 3

THE MILK CONTROL BOARD

STATEMENT OF CHANGES IN FINANCIAL POSITION

Year Ended December 31

	1988	1987
Cash provided by (used in) operating activities		
(Deficiency) excess of revenue over expenditure	$ (29,866)	$ 89,491
Add depreciation not requiring an outlay of cash	3,587	3,104
	(26,279)	92,595
Net change in non-cash working capital	(16,945)	168,795
Cash (used in) provided by operating activities	(43,224)	261,390
Cash (used in) investing activities		
Acquisition of fixed assets	(2,363)	(4,536)
Net (decrease) increase in cash during the year	(45,587)	256,854
Cash, beginning of year	490,763	233,909
Cash, end of year	$445,176	$ 490,763

(See accompanying notes to the financial statements)

THE MILK CONTROL BOARD

NOTES TO FINANCIAL STATEMENTS

December 31, 1988

1. Significant Accounting Policies

These financial statements have been prepared in accordance with accounting policies that are considered appropriate for organizations of this type. The significant accounting policies are as follows:

a) Milk Pool

The Milk Control Board is responsible under the statutes of Saskatchewan for the control and regulation of the marketing of milk in the province. In fulfilling this responsibility, the Board operates a milk pooling system whereby the Board purchases the milk from the producers and sells it to the processors. The value of the milk sold to the processors is determined by its final product use and the prices established by the Board. The purchase price paid by the Board is based upon the value of the milk sold to the processors and upon the quality and quantity of milk shipped by the producers.

b) Fixed Assets

Office furniture and equipment is recorded at cost less accumulated depreciation; maintenance and repairs are charged against operations as incurred.

Equipment is depreciated over its estimated useful life on the straight-line method at 20% per annum.

c) Government Assistance

The Board receives grants from the Saskatchewan Department of Agriculture to assist in Cost of Production Studies. This government assistance is recognized as revenue in the period in which the related Cost of Production Study expenses have been incurred.

2. Incorporation

The Milk Control Board was established as a body corporate under The Milk Control Act, Chapter 234, Revised Statutes of Saskatchewan, 1965, and is continued under Chapter M-15, Revised Statutes of Saskatchewan, 1978.

The Board has authority to make any regulations or orders in connection with the production, supply, distribution or sale of milk as it may deem necessary.

3. Fixed Assets

	Cost	Accumulated Depreciation	1988 Net Book Value	1987 Net Book Value
Office furniture and equipment	$17,885	$12,172	$5,713	$6,937

4. Contingency

The Milk Control Board has been named as a defendant in a law suit. The outcome of this legal proceeding is not determinable at this time and consequently no provision for a loss to the Board, if any, has been recognized in these financial statements.

5. Related Party Transactions

(a) Grants

In 1988, the Board received $22,000 (1987 - $24,000) from the Department of Agriculture to assist in the costs of the Saskatchewan Dairy Study.

(b) Milk Pool Administration Expense

In 1988, the Board was billed $68,378 (1987 - $23,520) by the Department of Agriculture for milk composition analysis and data transfer services.

(c) Other

Also included in these financial statements are expense amounts resulting from routine operating transactions conducted at prevailing market prices with various Saskatchewan crown-controlled departments, agencies and corporations with which the Board is related.

Account balances resulting from these transactions are included in the statement of financial position and are settled on normal trade terms.

6. Comparative Figures

Certain amounts for the prior year have been reclassified to conform with the 1988 presentation.

TABLE III

TOTAL WHOLE MILK REQUIREMENTS, NUMBER OF MILK PRODUCERS AND AVERAGE DAILY PRODUCTION 1987-88 (KGS)

PERIOD	YEAR	WHOLE MILK REQUIREMENTS	TOTAL PRODUCTION	NUMBER OF PRODUCERS	DAILY AVERAGE PER PRODUCER
January	1987	8,927,082	18,255,706	713	826
	1988	8,389,863	18,794,599	694	874
February	1987	7,952,484	17,111,429	712	858
	1988	8,318,789	18,248,774	693	908
March	1987	8,836,203	19,275,517	709	877
	1988	9,425,456	19,948,588	693	929
April	1987	8,282,506	18,673,508	707	880
	1988	7,973,014	19,461,062	688	943
May	1987	8,427,811	19,278,528	706	881
	1988	8,486,001	20,077,214	688	941
June	1987	8,239,914	18,471,587	702	877
	1988	8,138,404	19,336,025	687	938
July	1987	8,367,284	18,604,095	701	856
	1988	7,598,348	19,478,521	687	915
August	1987	7,804,596	18,418,728	703	845
	1988	8,150,311	19,272,946	687	905
September	1987	8,524,543	17,062,251	701	811
	1988	8,833,584	18,087,902	686	879
October	1987	9,159,565	17,323,784	700	798
	1988	8,361,987	18,099,050	684	854
November	1987	8,401,031	17,123,268	699	817
	1988	8,464,107	17,500,378	681	857
December	1987	8,865,875	18,411,629	698	851
	1988	8,589,047	18,613,737	680	883
TOTALS	1987	101,788,894	218,010,030	704	848
	1988	100,728,911	226,918,796	687	902
% Change		-1.04	+4.08	-2.41	+6.36

TABLE IV

COMPARATIVE FIGURES ON KILOGRAMS OF MILK PRODUCTION AND SALES BY CONTROL AREA - 1986-87-88

CONTROL AREAS		1986	1987	1988
REGINA[1/ 3/]	PRODUCTION	41,548,841	39,994,225	39,957,785
	SALES	32,092,929	32,488,770	32,234,052
PRINCE ALBERT	PRODUCTION	7,320,693	7,271,065	7,013,796
	SALES	6,306,644	6,582,503	6,713,137
YORKTON[3/]	PRODUCTION	38,673,392	41,800,251	42,869,466
	SALES	8,876,016	9,186,239	9,021,889
SASKATOON	PRODUCTION	80,011,574	81,053,934	86,431,837
	SALES	31,966,620	32,200,119	31,624,434
SWIFT CURRENT	PRODUCTION	23,158,688	24,065,709	25,775,309
	SALES	4,677,103	4,662,548	4,538,517
BATTLEFORDS	PRODUCTION	10,058,414	10,099,280	10,525,287
	SALES	4,780,415	4,896,687	4,882,231
WEYBURN	PRODUCTION	2,443,735	2,536,854	2,799,354
	SALES	2,399,542	2,481,212	2,460,122
ESTEVAN	PRODUCTION	2,503,627	2,640,131	2,687,195
	SALES	2,184,760	2,147,184	2,132,564
MELFORT	PRODUCTION	4,921,974	4,954,230	5,096,341
	SALES	4,012,873	4,094,818	4,033,179
LLOYDMINSTER[2/]	PRODUCTION	3,521,477	3,594,351	3,762,426
	SALES	3,139,157	3,048,814	3,088,786
TOTALS	**PRODUCTION**	**214,162,415**	**218,010,030**	**226,918,796**
	SALES	**100,436,059**	**101,788,894**	**100,728,911**

1/ Includes the control area of Moose Jaw.

2/ Lloydminster is not a controlled area but is under the Saskatchewan Fluid Milk Pool.

3/ The sales and production for the control area of Melville are included in Regina and Yorkton.

TABLE V

COMPARATIVE SALES BY LITRES OF MILK AND CREAM PRODUCTS IN CONTROL AREAS - 1987-88

PRODUCTS	YEAR	RETAIL SALES (HOME DELIVERY)	WHOLESALE SALES	COUNTRY SALES	TOTAL SALES	%
Whole Milk	1987	2,549,484	10,988,691	8,116,494	21,654,669	21.8
	1988	2,420,623	10,356,248	7,658,545	20,435,416	20.8
Partly Skimmed 2%	1987	7,816,830	35,325,978	21,980,316	65,123,124	65.6
	1988	7,806,198	35,064,159	21,994,803	64,865,160	66.0
Partly Skimmed 1%	1987	----	----	----	----	----
	1988	----	3	45,340	45,343	.1
Skimmed	1987	1,015,692	4,204,455	1,809,262	7,029,409	7.1
	1988	1,075,833	4,393,811	1,913,813	7,383,457	7.5
Chocolate	1987	180,761	3,058,678	1,524,495	4,763,934	4.8
	1988	194,070	3,072,574	1,575,434	4,842,078	4.9
Buttermilk	1987	37,645	457,768	262,246	757,659	.7
	1988	40,116	445,891	250,166	736,173	.7
TOTAL MILK SALES	1987	11,600,412	54,035,570	33,692,813	99,328,795	100.0
	1988	11,536,840	53,332,686	33,438,101	98,307,627	100.0
10% CREAM	1987	113,818	1,381,018	498,418	1,993,254	
	1988	111,230	1,365,565	486,153	1,962,948	
18% CREAM	1987	----	----	----	----	
	1988	----	3,300	----	3,300	
32% CREAM	1987	12,675	510,281	237,860	760,816	
	1988	13,476	508,639	245,971	768,086	

TOTAL MILK SALES BY DISTRIBUTION OUTLET 1987 - 88

	1987	%	1988	%
Retail Sales (Home Delivery)	11,600,412	11.7	11,536,840	11.7
Wholesale Sales	54,035,570	54.4	53,332,686	54.3
Country Sales	33,692,813	33.9	33,438,101	34.0
TOTAL SALES	99,328,795	100.0	98,307,627	100.0

TABLE VI

MARKET SHARE QUOTA UTILIZATION BY DAIRY YEAR

			INDUSTRIAL MILK [1]		INDUSTRIAL CREAM	
MONTH	YEAR	AVERAGE TEST	KILOGRAMS MILK	KILOGRAMS BUTTERFAT	KILOGRAMS BUTTERFAT	TOTAL KILOGRAMS BUTTERFAT
August	1986	3.47	9,570,980	332,113	63,520	395,633
	1987	3.50	10,127,029	354,446	57,420	411,866
September	1986	3.65	7,726,356	282,012	52,677	334,689
	1987	3.63	7,993,058	290,148	46,993	337,141
October	1986	3.71	7,084,097	262,820	43,825	306,645
	1987	3.73	7,594,799	283,286	39,589	322,875
November	1986	3.70	7,685,270	284,355	29,867	314,222
	1987	3.71	8,213,099	304,706	29,642	334,348
December	1986	3.60	8,377,583	301,593	29,501	331,094
	1987	3.64	8,997,527	327,510	28,835	356,345
January	1987	3.55	8,741,352	310,318	31,929	342,247
	1988	3.59	9,853,008	353,723	28,808	382,531
February	1987	3.55	8,663,634	307,559	32,148	339,707
	1988	3.56	9,395,787	334,490	30,090	364,580
March	1987	3.55	9,866,225	350,251	40,316	390,567
	1988	3.55	9,967,944	353,862	37,006	390,868
April	1987	3.51	9,866,581	346,317	46,189	392,506
	1988	3.55	10,939,577	388,355	37,820	426,175
May	1987	3.47	10,297,896	357,337	50,854	408,191
	1988	3.49	11,030,086	384,950	40,729	425,679
June	1987	3.41	9,718,328	331,395	54,024	385,419
	1988	3.37	10,663,739	359,368	43,760	403,128
July	1987	3.42	9,707,690	332,003	48,883	380,886
	1988	3.40	11,412,000	388,008	33,729	421,737
TOTALS	1986/87	3.55	107,305,992	3,798,073	523,733	4,321,806
	1987/88	3.56	116,187,653	4,122,852	454,421	4,577,273

[1] Includes all milk utilized for industrial purposes.

TABLE VII

SALES OF MILK AND CREAM PRODUCTS IN LITRES IN CONTROL AREAS - 1987 - 1988

	YEAR	WHOLE MILK	2% PARTLY SKIM MILK	1% PARTLY SKIM MILK	SKIM MILK	CHOCOLATE MILK	BUTTER MILK	10% CREAM	18% CREAM	32% CREAM	TOTAL LITRES
REGINA[1/ 3/]	1987	6,820,759	20,472,765	----	2,590,175	1,593,106	234,302	753,283	----	219,683	32,684,073
	1988	6,471,034	20,501,709	----	2,647,689	1,612,706	232,508	738,413	1,110	222,546	32,427,715
% CHANGE		- 5.13	+ .14	----	+ 2.22	+ 1.23	- .77	- 1.97	+100.00	+ 1.30	- .78
PRINCE ALBERT	1987	1,606,380	4,156,108	----	288,448	326,444	47,761	72,038	----	42,210	6,539,389
	1988	1,542,038	4,295,038	----	320,187	350,054	47,128	78,047	----	44,959	6,677,451
% CHANGE		- 4.01	+ 3.34	----	+11.00	+ 7.23	- 1.33	+ 8.34	----	+ 6.51	+ 2.11
YORKTON[3/]	1987	2,387,179	5,610,814	----	539,211	330,521	86,535	214,337	----	93,341	9,261,938
	1988	2,217,910	5,546,146	25,486	582,854	343,342	80,288	204,574	----	95,623	9,096,223
% CHANGE		- 7.09	- 1.15	+100.00	+ 8.09	+ 3.88	- 7.22	- 4.56	----	+ 2.44	- 1.79
SASKATOON	1987	6,196,285	21,141,052	----	2,366,262	1,471,549	243,094	710,005	----	263,290	32,391,537
	1988	5,869,236	20,782,521	----	2,529,724	1,438,830	235,776	698,499	2,190	259,577	31,816,353
% CHANGE		- 5.28	- 1.70	----	+ 6.91	- 2.22	- 3.01	- 1.62	+100.00	- 1.41	- 1.78
SWIFT CURRENT	1987	962,828	2,994,508	----	358,638	187,810	42,991	61,726	----	37,805	4,646,306
	1988	880,840	2,954,710	----	361,925	188,900	40,103	59,130	----	35,547	4,521,155
% CHANGE		- 8.52	- 1.33	----	+ .92	+ .58	- 6.72	- 4.21	----	- 5.97	- 2.69
BATTLEFORDS	1987	1,235,632	3,089,362	----	201,609	220,642	30,183	53,895	----	28,374	4,859,697
	1988	1,157,201	3,125,174	----	224,119	227,819	29,822	54,152	----	31,309	4,849,596
% CHANGE		- 6.35	+ 1.16	----	+11.17	+3.25	- 1.20	+ .48	----	+10.34	- .21
WEYBURN	1987	514,569	1,579,250	----	167,611	147,018	15,889	33,200	----	13,718	2,471,255
	1988	473,441	1,582,267	1	175,565	156,960	16,621	32,140	----	13,160	2,450,155
% CHANGE		- 7.99	+ .19	+100.00	+ 4.75	+ 6.76	+ 4.61	- 3.19	----	- 4.07	- .85
ESTEVAN	1987	486,998	1,386,329	----	105,319	108,592	8,892	19,235	----	10,544	2,125,909
	1988	452,553	1,384,480	----	119,956	116,477	9,252	19,433	----	10,439	2,112,590
% CHANGE		- 7.07	- .13	----	+13.90	+ 7.26	+ 4.05	+ 1.03	----	- .99	- .63
MELFORT	1987	948,567	2,633,235	----	178,243	200,941	35,809	47,138	----	35,640	4,079,573
	1988	893,516	2,613,267	2	185,667	212,842	32,839	47,285	----	37,070	4,022,488
% CHANGE		- 5.80	- .76	+100.00	+ 4.17	+ 5.92	- 8.29	+ .31	----	+ 4.01	- 1.40
LLOYDMINSTER[2/]	1987	495,472	2,059,701	----	233,893	177,311	12,203	28,397	----	16,211	3,023,188
	1988	477,647	2,079,848	19,854	235,771	194,148	11,836	31,275	----	17,856	3,068,235
% CHANGE		- 3.60	+ .98	+100.00	+ .80	+ 9.50	- 3.01	+10.13	----	+10.15	+ 1.49
TOTALS	1987	21,654,699	65,123,124	----	7,029,409	4,763,934	757,659	1,993,254	----	760,816	102,082,865
	1988	20,435,416	64,865,160	45,343	7,383,457	4,842,078	736,173	1,962,948	3,300	768,086	101,041,961
% CHANGE		- 5.63	- .40	+100.00	+ 5.04	+ 1.64	- 2.84	- 1.52	+100.00	+ .96	- 1.02

1/ INCLUDES THE CONTROL AREA OF MOOSE JAW
2/ LLOYDMINSTER IS NOT A CONTROLLED AREA BUT IS UNDER THE SASKATCHEWAN FLUID MILK POOL.
3/ THE SALES AND PRODUCTION FOR THE CONTROL AREA OF MELVILLE ARE INCLUDED IN REGINA AND YORKTON.

TABLE VIII

THE AVERAGE MONTHLY MILK POOL PRICE - 1987-88 [1/]
(PER HUNDRED KILOGRAMS OF 3.5% BUTTERFAT)

	GROUP I POOL			GROUP II POOL		
MONTH	1987	1988	% CHANGE	1987	1988	% CHANGE
January	$47.36	$47.18	- .4	$39.77	$41.09	+ 3.3
February	47.18	47.56	+ .8	39.74	41.28	+ 3.9
March	47.19	48.04	+ 1.8	39.68	41.47	+ 4.5
April	46.95	47.27	+ .7	39.65	41.42	+ 4.5
May	46.84	47.39	+ 1.2	39.61	41.32	+ 4.3
June	46.91	47.26	+ .7	39.49	41.10	+ 4.1
July	46.87	46.67	- .4	39.47	41.16	+ 4.3
August	46.68	47.21	+ 1.1	40.82	41.65	+ 2.0
September	47.63	47.97	+ .7	41.08	41.77	+ 1.7
October	47.98	47.67	- .6	41.29	42.01	+ 1.7
November	47.57	47.88	+ .7	41.33	41.92	+ 1.4
December	47.52	47.57	+ .1	41.15	41.80	+ 1.6
YEARLY AVERAGE	**47.22**	**47.47**	**+ .5**	**40.26**	**41.50**	**+ 3.1**

[1/] Price includes subsidies less inquota levies and skim off levy.

August to December, 1987 pool rates have changed due to within-quota levy refund by the Canadian Dairy Commission.

TABLE IX

SALES OF FLUID MILK IN LITRES IN CONTROL AREAS - 1987-88 (WHOLE MILK, PARTLY SKIMMED 2% & 1%, SKIM, CHOCOLATE, BUTTERMILK)

	YEAR	1/ 3/ REGINA	PRINCE ALBERT	3/ YORKTON	SASKATOON	SWIFT CURRENT	BATTLE-FORDS	WEYBURN	ESTEVAN	MELFORT	LLOYD-2/ MINSTER	TOTALS
JAN	1987	2,792,339	550,913	763,503	2,816,525	384,065	410,127	202,847	183,105	344,643	262,287	8,710,354
	1988	2,677,943	522,513	714,722	2,620,312	348,025	373,831	192,393	177,469	315,646	244,212	8,187,066
% CHANGE		- 4.10	- 5.16	- 6.39	- 6.97	- 9.38	- 8.85	- 5.15	- 3.08	- 8.41	- 6.89	- 6.01
FEB	1987	2,494,109	490,114	685,667	2,491,532	348,309	366,089	181,181	163,862	306,598	234,302	7,761,763
	1988	2,610,407	529,480	706,551	2,615,072	353,447	375,681	195,400	169,329	318,826	245,319	8,119,512
% CHANGE		+ 4.66	+ 8.03	+ 3.05	+ 4.96	+ 1.48	+ 2.62	+ 7.85	+ 3.34	+ 3.99	+ 4.70	+ 4.61
MAR	1987	2,751,909	546,365	760,729	2,785,192	382,339	407,821	206,532	179,479	340,025	263,330	8,623,721
	1988	2,971,330	591,634	825,134	2,899,586	416,660	440,271	220,767	194,134	365,444	274,471	9,199,431
% CHANGE		+ 7.97	+ 8.29	+ 8.47	+ 4.11	+ 8.98	+ 7.96	+ 6.89	+ 8.17	+ 7.48	+ 4.23	+ 6.68
APR	1987	2,576,701	502,511	712,472	2,587,978	384,126	376,613	194,861	172,409	328,083	243,862	8,079,616
	1988	2,518,657	502,527	692,251	2,468,718	345,481	359,703	184,382	168,860	306,300	232,875	7,779,754
% CHANGE		- 2.25	+ .00	- 2.84	- 4.61	-10.06	- 4.49	- 5.38	- 2.06	- 6.64	- 4.51	- 3.71
MAY	1987	2,643,772	529,689	761,559	2,564,653	378,604	394,760	196,726	176,531	333,293	241,566	8,221,153
	1988	2,642,818	551,868	751,255	2,568,705	381,152	409,247	209,297	172,175	339,091	255,385	8,280,993
% CHANGE		- .04	+ 4.19	- 1.35	+ .16	+ .67	+ 3.67	+ 6.39	- 2.47	+ 1.74	+ 5.72	+ .73
JUN	1987	2,543,266	540,937	746,331	2,489,605	378,390	401,173	208,139	162,752	329,512	240,739	8,040,844
	1988	2,506,277	560,235	722,507	2,447,993	365,429	399,723	198,746	168,480	324,202	248,437	7,942,029
% CHANGE		- 1.45	+ 3.57	- 3.19	- 1.67	- 3.43	- .36	- 4.51	+ 3.52	- 1.61	+ 3.20	- 1.23
JUL	1987	2,541,875	571,542	767,936	2,499,120	389,071	432,458	216,526	165,944	339,701	242,085	8,166,258
	1988	2,350,933	548,612	677,581	2,241,051	334,990	389,907	200,159	152,216	297,508	224,147	7,417,104
% CHANGE		- 7.51	- 4.01	-11.77	-10.33	-13.90	- 9.84	- 7.56	- 8.27	-12.42	- 7.41	- 9.17
AUG	1987	2,404,978	522,512	707,242	2,347,304	360,327	374,137	197,180	164,246	308,516	229,377	7,615,819
	1988	2,502,018	564,926	736,372	2,413,295	374,883	405,925	208,508	169,541	327,912	252,087	7,955,467
% CHANGE		+ 4.03	+ 8.12	+ 4.12	+ 2.81	+ 4.04	+ 8.50	+ 5.75	+ 3.22	+ 6.29	+ 9.90	+ 4.46
SEP	1987	2,688,959	523,535	765,382	2,610,195	376,727	394,756	201,006	179,181	330,516	248,491	8,318,748
	1988	2,756,806	562,707	754,980	2,739,590	392,551	411,281	208,888	178,472	350,095	266,196	8,621,566
% CHANGE		+ 2.52	+ 7.48	- 1.36	+ 4.96	+ 4.20	+ 4.19	+ 3.92	- .40	+ 5.92	+ 7.13	+ 3.64
OCT	1987	2,893,398	562,950	773,540	2,869,420	401,972	414,436	213,184	190,374	354,647	265,473	8,939,394
	1988	2,626,170	532,386	714,179	2,587,853	365,389	386,570	192,947	174,265	326,199	256,999	8,162,957
% CHANGE		- 9.24	- 5.43	- 7.67	- 9.81	- 9.10	- 6.72	- 9.49	- 8.46	- 8.02	- 3.19	- 8.69
NOV	1987	2,629,252	526,715	712,356	2,641,145	366,991	379,460	195,061	170,734	328,850	251,031	8,201,595
	1988	2,642,447	535,786	740,710	2,624,332	366,898	402,910	192,461	176,122	325,007	255,474	8,262,147
% CHANGE		+ .50	+ 1.72	+ 3.98	- .64	- .03	+ 6.18	- 1.33	+ 3.16	- 1.17	+ 1.77	+ .74
DEC	1987	2,750,549	557,358	797,543	2,715,573	395,854	425,598	211,094	187,513	352,411	256,037	8,649,530
	1988	2,659,840	551,771	759,784	2,629,580	381,573	409,086	200,907	181,655	341,903	263,502	8,379,601
% CHANGE		- 3.30	- 1.00	- 4.73	- 3.17	- 3.61	- 3.88	- 4.83	- 3.12	- 2.98	+ 2.92	- 3.12
TOTALS	1987	31,711,107	6,425,141	8,954,260	31,418,242	4,546,775	4,777,428	2,424,337	2,096,130	3,996,795	2,978,580	99,328,795
	1988	31,465,646	6,554,445	8,796,026	30,856,087	4,426,478	4,764,135	2,404,855	2,082,718	3,938,133	3,019,104	98,307,627
% CHANGE		- .77	+ 2.01	- 1.77	- 1.79	- 2.65	- .28	- .80	- .64	- 1.47	+ 1.36	- 1.03

1/ Includes the control area of Moose Jaw.
2/ Lloydminster is not a controlled area but is under the Saskatchewan Fluid Milk Pool.
3/ The sales and production for the control area of Melville are included in Regina and Yorkton.

TABLE X

TOTAL SALES OF MILK & CREAM IN LITRES BY SIZE OF CONTAINERS JANUARY 1, 1988 - DECEMBER 31, 1988

SIZE OF CONTAINERS	FLUID MILK PRODUCTS	% OF TOTAL	CREAM	% OF TOTAL	TOTAL ALL PRODUCTS	% OF TOTAL
20 Litres	2,353,180	2.39	----	----	2,353,180	2.33
15 Litres	1,178,835	1.20	31,200	1.14	1,210,035	1.20
10 Litres	1,600	----	15,530	.57	17,130	.02
4 Litres	3,979,888	4.05	----	----	3,979,888	3.94
2 Litres	77,577,686	78.91	----	----	77,577,686	76.78
1 Litre	9,614,202	9.78	412,753	15.10	10,026,955	9.92
500 ml.	1,470,376	1.50	1,491,569	54.55	2,961,945	2.93
250 ml.	2,131,860	2.17	327,388	11.97	2,459,248	2.43
Creamers	----	----	455,894	16.67	455,894	.45
TOTALS	98,307,627	100.00	2,734,334	100.00	101,041,961	100.00

TABLE XI

CREAM PRODUCER PROFILE

MARKET SHARE QUOTA ISSUED TO CREAM PRODUCERS, BY RECEIVING AREA

	1984-85	1985-86	1986-87	1987-88	1988-89
SASKATOON	339,830	318,977	240,084	208,265	191,060
SWIFT CURRENT	79,078	73,835	67,101	52,893	52,085
YORKTON	204,399	190,478	157,991	132,219	116,943
REGINA	175,491	155,842	119,947	76,027	70,334
ESTEVAN	16,935	15,283	12,347	10,688	10,292

NUMBER OF PRODUCERS SHIPPING CREAM, BY RECEIVING AREA

	1984-85	1985-86	1986-87	1987-88	1988-89
SASKATOON	866	758	612	494	427
SWIFT CURRENT	198	177	163	134	121
YORKTON	543	476	400	319	269
REGINA	380	332	261	174	151
ESTEVAN	35	28	23	18	16

SASKATCHEWAN AVERAGES BY DAIRY YEAR

DAIRY YEAR	KGMS QUOTA	% CHANGE	# OF PRODUCERS	% CHANGE	AVE. QUOTA PER PRODUCER
1984-85	815,733	- 12.65	2,022	- 18.37	403
1985-86	754,415	- 7.52	1,771	- 12.41	426
1986-87	597,470	- 20.80	1,459	- 17.62	410
1987-88	480,092	- 16.76	1,139	- 21.93	422
1988-89	440,714	- 8.20	984	- 13.61	448

TABLE XII

SCHEDULE OF BASIC TRANSPORTATION CHARGES BASED ON PRODUCER MONTHLY PRODUCTION

KGS. PRODUCED MONTHLY	PRODUCER [1/] BASIC RATE 1988
Min. Charge - 9,000	$1.302
9,001 - 13,600	1.275
13,601 - 18,100	1.249
18,101 - 22,600	1.209
22,601 - 27,200	1.195
27,201 - 31,700	1.182
31,701 - 36,200	1.169
36,201 - 40,800	1.156
40,801 - 45,300	1.142
45,301 - 49,900	1.129
49,901 - 54,400	1.117
54,401 - 58,900	1.102
58,901 - 63,500	1.089
63,501 - 68,000	1.076
68,001 - 72,600	1.062
72,601 - 77,100	1.050
77,101 - 81,600	1.036
81,601 - 86,200	1.009
86,201 - and over	1.009

Distance to be based on the air kilometers between the producer and the nearest processor.

[1/] A kilometre rate of 1.27¢ (.0127) per kilometer per 100 kilograms.